

Village of Almont

Lapeer County, Michigan

Audited Financial Report
June 30, 2005

Lehn L. King

Certified Public Accountant
Marlette, Michigan

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Almont	County Lapeer
Audit Date 8/18/05	Opinion Date 8/18/05	Date Accountant Report Submitted to State: 10/19/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

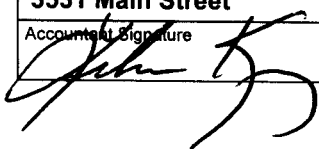
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) Lehn L. King, CPA			
Street Address 3531 Main Street		City Marlette	State MI
Accountant Signature 		ZIP 48453	Date 10/19/05

Village of Almont
Annual Financial Report
For The Fiscal Year Ended June 30, 2005

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LEHN L. KING

CERTIFIED PUBLIC ACCOUNTANT

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3531 MAIN STREET
MARLETTE, MICHIGAN 48453

Honorable Village Council
Village of Almont
Lapeer County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Almont, Michigan as of and for the year ended June 30, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Almont, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Almont, Michigan as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Almont, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2003.

Lehn King

Lehn L. King
Certified Public Accountant

August 18, 2005

Village of Almont
Management's Discussion & Analysis Letter
For The Year Ended June 30, 2005

Management's Discussion & Analysis

This discussion of the Village of Almont financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the Village's financial statements.

Using this Annual Report

The Village's General fund unreserved/undesignated amount was increased from \$123,000 in 2004 to \$217,300 in 2005. This increase of over 75% compared to last year or 15% of the total of all funds is a dramatic improvement over the last three years.

The Village saw no reduction in State revenue sharing this year. Overall capital and operating costs were kept to minimum. The local street fund was used to cap / overlay Westwinds Circle and Dawn Drive from June drive to west of Bernice. The total cost of paving for 2004 was \$28,900.

The Almont DDA retained a contractor to begin the construction of the Urban Pocket Park located on the southwest corner of M-53 and West St. Clair. The bid price was \$204,385 plus \$45,000 for the 21 nozzle fountain feature.

Final Village approval and DEQ permits were obtained for the 112 lot Drakeshire subdivision located east of Kidder and north of Hough. Construction of the subdivision infrastructure was to begin in July of 2005.

Both Water and Sewer funds will need rate increases in 2006 to support increased operating costs.

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Individual fund financial statements tell how these services were financed in the short term, as well as what remains for the future spending. Fund financial statements also report the Village's operation in more detail than the government wide financial statements.

Village of Almont
Management's Discussion & Analysis Letter
For The Year Ended June 30, 2005

The Village as a Whole

The following table shows in a condensed format, the net assets as of the current date and compared to the prior year's net assets. Comparative data is not available for assets and liabilities due to the change in accounting formats for the fiscal year ending June 30, 2005 (see note one in the notes to the financial statements).

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>6/30/2005</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2004</u>
Current Assets	\$ 1,940,569	\$ 1,774,193	\$ 289,704	\$ 323,222	\$ 2,230,273	\$ 2,097,415
Noncurrent Assets	<u>1,721,878</u>	<u>1,569,699</u>	<u>7,838,536</u>	<u>8,037,390</u>	<u>9,560,414</u>	<u>9,607,089</u>
Total Assets	3,662,447	3,343,892	8,128,240	8,360,612	11,790,687	11,704,504
Current Liabilities	450,096	403,160	162,588	172,446	612,684	575,606
Noncurrent Liabilities	<u>1,204,867</u>	<u>1,402,106</u>	<u>2,025,000</u>	<u>2,105,000</u>	<u>3,229,867</u>	<u>3,507,106</u>
Total Liabilities	<u>1,654,963</u>	<u>1,805,266</u>	<u>2,187,588</u>	<u>2,277,446</u>	<u>3,842,551</u>	<u>4,082,712</u>
Net Assets:						
Invested in Capital Assets -						
Net of Related Debt	223,896	(129,537)	5,677,525	5,932,390	5,901,421	5,802,853
Restricted	786,245	838,078	-	-	786,245	838,078
Unrestricted	<u>997,344</u>	<u>830,085</u>	<u>263,127</u>	<u>150,776</u>	<u>1,260,471</u>	<u>980,861</u>
Total Net Assets	<u>\$ 2,007,485</u>	<u>\$ 1,538,626</u>	<u>\$ 5,940,652</u>	<u>\$ 6,083,166</u>	<u>\$ 7,948,137</u>	<u>\$ 7,621,792</u>

The Village's combined net assets increased 4.28% from \$7,621,792 to \$7,948,137. As we look at the governmental activities separately from the business type (water & sewer) we can see that the governmental activities experienced an increase of approximately \$468,859 during the year (a 30.50% increase). The business-type activities (water & sewer) experienced a \$142,514 decrease in net assets, due to the completion of the equalization basin at the Waste Water Treatment Plant.

Village of Almont
Management's Discussion & Analysis Letter
For The Year Ended June 30, 2005

The following table shows the changes of the net assets during the current year:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>6/30/2005</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2004</u>	<u>6/30/2005</u>	<u>6/30/2004</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 596,734	\$ 622,893	\$ 567,298	\$ 645,793	\$ 1,164,032	\$ 1,268,686
Operating Grants & Cont's	227,321	209,537	-	-	227,321	209,537
Capital Grants & Cont's	-	126,138	-	81,532	-	207,670
General Revenues:						
Property Taxes	998,121	953,227	-	-	998,121	953,227
State-Shared Revenues	287,628	298,009	-	-	287,628	298,009
Interest	24,240	13,527	4,643	2,242	28,883	15,769
Other Revenues	93,830	68,467	-	-	93,830	68,467
Transfers	(166,840)	(169,768)	166,840	169,768	-	-
Total Revenues	2,061,034	2,122,030	738,781	899,335	2,799,815	3,021,365
Program Expenses						
General Government	\$ 491,744	\$ 454,364	\$ -	\$ -	\$ 491,744	\$ 454,364
Public Safety	622,427	596,348	-	-	622,427	596,348
Public Works	499,532	818,953	-	-	499,532	818,953
Recreation & Culture	14,520	17,837	-	-	14,520	17,837
Interest on Long-Term Debt	86,001	136,080	96,778	-	182,779	136,080
Water & Sewer	-	-	784,516	929,489	784,516	929,489
Total Program Expenses	1,714,224	2,023,582	881,294	929,489	2,595,518	2,953,071
Change in Net Assets	<u>\$ 346,810</u>	<u>\$ 98,448</u>	<u>\$ (142,513)</u>	<u>\$ (30,154)</u>	<u>\$ 204,297</u>	<u>\$ 68,294</u>

Village of Almont
Management's Discussion & Analysis Letter
For The Year Ended June 30, 2005

Economic Factors and Next Year's Budget and Rates

The Village of Almont's 2005/2006 adopted budget for the General Fund is as follows:

	General Fund	
	June 30,	
	2006	2005
Fund Balance Surplus	\$ 85,000	\$ 60,000
Revenue		
Property Taxes	573,696	571,492
State Shared Revenue	289,345	291,000
Licenses, Permits, & Fees	46,595	37,909
Charges for Services	298,365	296,494
Grant Proceeds	-	-
Loan Proceeds	-	-
Other	75,470	92,644
Total Revenue Collected	1,283,471	1,289,539
Expenditures		
General Government	479,846	385,424
Public Safety - Police	656,174	581,459
Public Works	219,401	335,396
Recreation & Culture	13,050	19,298
Capital Outlay	-	-
Debt Service	-	-
Transfers	-	26,186
Total Expenditures	1,368,471	1,347,763
Net Over/Under Budget	\$ -	\$ 1,776

Contacting the Village of Almont's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Village of Almont's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the administration at the village hall.

Village of Almont
Statement of Net Assets (Deficit)
June 30, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash & Cash Equivalents	\$ 1,750,211.98	\$ 162,750.43	\$ 1,912,962.41
Accounts Receivable	118,716.53	126,954.00	245,670.53
Due From Other Governmental Units	71,640.82	-	71,640.82
Capital Assets			
Nondepreciable Capital Assets	357,000.00	100.00	357,100.00
Depreciable Capital Assets	<u>1,364,878.14</u>	<u>7,838,435.58</u>	<u>9,203,313.72</u>
Total Assets	3,662,447.47	8,128,240.01	11,790,687.48
<u>Liabilities</u>			
Accounts Payable	92,999.83	21,823.04	114,822.87
Due To Other Governmental Units	63,981.00	4,754.00	68,735.00
Accrued Interest Payable	41,369.00	56,011.00	97,380.00
Current Portion of Long-Term Debt	251,746.00	80,000.00	331,746.00
Noncurrent Liabilities:			
Long-Term Debt	<u>1,204,867.00</u>	<u>2,025,000.00</u>	<u>3,229,867.00</u>
Total Liabilities	<u>1,654,962.83</u>	<u>2,187,588.04</u>	<u>3,842,550.87</u>
Net Assets (Deficit)			
Invested in Capital Assets - Net of Related Debt	223,896.14	5,677,524.58	5,901,420.72
Restricted:			
Reserved for Capital Projects	582,362.57	-	582,362.57
Reserved for Debt Service	145,746.98	-	145,746.98
Reserved for Homecoming	29,855.19	-	29,855.19
Reserved for Park	28,280.21	-	28,280.21
Unrestricted	<u>997,343.55</u>	<u>263,127.39</u>	<u>1,260,470.94</u>
Total Net Assets (Deficit)	<u>\$ 2,007,484.64</u>	<u>\$ 5,940,651.97</u>	<u>\$ 7,948,136.61</u>

The notes are an integral part of the statements.

Village of Almont
Statement of Activities
For the Year Ended June 30, 2005

Functions/Programs Primary Government:	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government	
					Governmental Activities	Business-type Activities
General Government	\$ 491,743.66	\$ 156,031.91	\$ -	\$ -	\$ (335,711.75)	\$ -
Public Safety	622,426.81	204,580.62	25,710.30	-	(392,135.89)	-
Public Works	499,531.94	236,121.71	174,721.12	-	(88,689.11)	-
Recreation & Culture	14,520.39	-	26,889.80	-	12,369.41	-
Interest on Long-Term Debt	86,000.71	-	-	-	(86,000.71)	-
<u>Total Governmental Activities</u>	<u>1,714,223.51</u>	<u>596,734.24</u>	<u>227,321.22</u>	<u>-</u>	<u>(890,168.05)</u>	<u>-</u>
Business-type Activities	784,515.56	567,297.98	-	-	-	(217,217.58)
Interest on Long-Term Debt	96,778.01	-	-	-	-	(96,778.01)
<u>Total Business-type Activities</u>	<u>881,293.57</u>	<u>567,297.98</u>	<u>-</u>	<u>-</u>	<u>(313,995.59)</u>	<u>(313,995.59)</u>
<u>Total Primary Government</u>	<u>\$ 2,595,517.08</u>	<u>\$ 1,164,032.22</u>	<u>\$ 227,321.22</u>	<u>\$ -</u>	<u>\$ (890,168.05)</u>	<u>\$ (313,995.59)</u>
					<u>\$ (890,168.05)</u>	<u>\$ (1,204,163.64)</u>
General Revenues:						
Property Taxes					\$ 998,120.95	\$ -
State Shared Revenues					287,628.00	-
Interest					24,240.33	4,643.19
Other Revenues					93,829.82	-
Transfers					(166,840.01)	166,840.01
					<u>1,236,979.09</u>	<u>171,483.20</u>
Total General Revenues, Special Items & Transfers						
Change in Net Assets					346,811.04	(142,512.39)
Net Assets (Deficit) - Beginning of Year					1,660,673.60	6,083,164.36
Net Assets (Deficit) - End of Year					<u>\$ 2,007,484.64</u>	<u>\$ 5,940,651.97</u>
						<u>\$ 998,120.95</u>
						<u>287,628.00</u>
						<u>28,883.52</u>
						<u>93,829.82</u>
						<u>-</u>
						<u>1,408,462.29</u>
						<u>204,298.65</u>
						<u>7,743,837.96</u>
						<u>\$ 7,948,136.61</u>

The notes are an integral part of the statements.

Village of Almont

Balance Sheet
Governmental Funds
June 30, 2005

	Special Revenue Funds			Debt Service Funds			Capital Project Funds			Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Major Streets Fund	Downtown Development Authority Fund	Waste Water	Water System Improvement	W.W.T.P. Improvement Project	W.W.T.P. Improvement Project	W.W.T.P. Improvement Project	W.W.T.P. Improvement Project		
Assets											
Cash & Cash Equivalents	\$ 279,816.04	\$ 130,974.95	\$ 265,681.52	\$ 1,328.66	\$ 704.13	\$ 104,968.29	\$ 582,362.57	\$ 582,362.57	\$ 582,362.57	\$ 52,483.44	\$ 1,418,319.60
Accounts Receivable	61,589.74	-	-	8,142.00	1,815.90	33,788.00	-	-	-	-	105,335.64
Due From Other Funds	21,640.82	-	-	-	-	-	-	-	-	-	21,640.82
Total Assets	\$ 363,046.60	\$ 130,974.95	\$ 265,681.52	\$ 9,470.66	\$ 2,520.03	\$ 138,756.29	\$ 582,362.57	\$ 582,362.57	\$ 582,362.57	\$ 52,483.44	\$ 1,545,296.06
Liabilities & Fund Equity											
Liabilities											
Accounts Payable	\$ 37,605.50	\$ 2,937.53	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,869.86	\$ 43,412.89
Due To Other Funds	50,000.00	-	8,173.41	-	5,000.00	-	-	-	-	807.59	63,981.00
Total Liabilities	87,605.50	2,937.53	8,173.41	-	5,000.00	-	-	-	-	3,677.45	107,393.89
Fund Equity											
Fund Balances:											
Reserved for Capital Projects	-	-	-	-	-	-	582,362.57	582,362.57	582,362.57	-	582,362.57
Reserved for Debt Service	-	-	-	9,470.66	(2,479.97)	138,756.29	-	-	-	-	145,746.98
Reserved for Homecoming	29,855.19	-	-	-	-	-	-	-	-	-	29,855.19
Reserved for Park	28,280.21	-	-	-	-	-	-	-	-	-	28,280.21
Unreserved - Undesignated	217,305.70	128,037.42	257,508.11	-	-	-	-	-	-	48,805.99	651,657.22
Total Fund Equity	275,441.10	128,037.42	257,508.11	9,470.66	(2,479.97)	138,756.29	582,362.57	582,362.57	582,362.57	48,805.99	1,437,902.17
Total Liab. & Fund Equity	\$ 363,046.60	\$ 130,974.95	\$ 265,681.52	\$ 9,470.66	\$ 2,520.03	\$ 138,756.29	\$ 582,362.57	\$ 582,362.57	\$ 582,362.57	\$ 52,483.44	\$ 1,545,296.06

The notes are an integral part of the statements.

Village of Almont
Governmental Funds
Reconciliation of Fund Balances to the
Statement of Net Assets (Deficit)
For The Year Ended June 30, 2005

Total Fund Balances for Governmental Funds & Equipment Fund	\$ 1,985,808.31
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Amounts reported for governmental activities in the statement of
net assets (deficit) are different because:

Capital Assets used in Governmental Activities are not financial resources and are not reported in the Funds	1,519,658.33
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Long-term bonds payable are not due and payable in the current period and are not reported in the Funds	(1,456,613.00)
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Accrued Interest Payable is not reported in the Funds	<u>(41,369.00)</u>
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Net Assets of Governmental Activities	<u><u>\$ 2,007,484.64</u></u>
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The notes are an integral part of the statements.

Village of Almont
Statement of Revenues, Expenditures
And Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2005

Revenues	Special Revenue Funds			Debt Service Funds			Capital Project Funds			Total Governmental Funds
	General Fund	Downtown		Waste Water	Water System Improvement	W.W.T.P. Improvement Project	W.W.T.P. Improvement Project	Other Nonmajor Governmental Funds		
		Major Streets Fund	Development Authority Fund							
Property Taxes	\$ 608,481.30	\$ -	\$ 145,518.91	\$ 173,176.27	\$ 70,944.47	\$ -	\$ -	\$ -	\$ -	\$ 998,120.95
Intergovernmental Revenues	287,628.00	119,993.52	-	-	-	-	-	-	-	454,849.12
Licenses, Permits, & Fees	61,341.51	-	-	-	-	-	-	-	-	77,062.17
Charges for Services	266,004.69	-	-	20,286.50	-	131,960.33	-	-	-	418,251.52
Grant Proceeds	-	-	7,500.00	-	-	-	-	-	-	7,500.00
Loan Proceeds	-	-	135,158.00	-	-	-	-	-	-	135,158.00
Interest Earnings	4,586.95	2,862.75	2,713.90	395.37	48.19	3,453.51	4,800.99	635.49	-	19,497.15
Other Revenues	113,619.29	2,500.00	-	-	-	1,938.43	-	-	-	118,057.72
Total Revenues	1,341,661.74	125,356.27	290,890.81	193,858.14	70,992.66	137,352.27	4,800.99	63,583.75	-	2,228,496.63
Expenditures										
General Government	359,237.06	-	-	-	-	-	-	-	-	359,237.06
Public Safety	602,727.13	-	-	-	-	-	-	-	-	620,527.81
Public Works	285,209.74	70,054.74	61,133.27	500.00	400.00	329.00	6,811.85	17,800.68	44,533.34	468,971.94
Recreation & Culture	14,520.39	-	-	-	-	-	-	-	-	14,520.39
Capital Outlay	-	11,350.00	180,418.00	-	-	-	-	-	-	191,768.00
Debt Service - Principal	-	-	21,538.00	170,000.00	40,000.00	-	-	24,339.00	-	255,877.00
Debt Service - Interest	-	-	9,336.25	27,495.00	40,676.00	-	-	8,373.46	-	85,880.71
Total Expenditures	1,261,694.32	81,404.74	272,425.52	197,995.00	81,076.00	329.00	6,811.85	95,046.48	-	1,996,782.91
Excess of Rev. Over (Under) Expend.	79,967.42	43,951.53	18,465.29	(4,136.86)	(10,083.34)	137,023.27	(2,010.86)	(31,462.73)	-	231,713.72
Other Financing Sources (Uses)										
Transfers In (Out)	(27,073.46)	(28,365.00)	-	-	-	(172,840.01)	-	61,438.46	-	(166,840.01)
Net Change in Fund Balances	52,893.96	15,586.53	18,465.29	(4,136.86)	(10,083.34)	(35,816.74)	(2,010.86)	29,975.73	-	64,873.71
Fund Balances - Beginning of Year	222,547.14	112,450.89	239,042.82	13,607.52	7,603.37	174,573.03	584,373.43	18,830.26	-	1,373,028.46
Fund Balances - End of Year	\$ 275,441.10	\$ 128,037.42	\$ 257,508.11	\$ 9,470.66	\$ (2,479.97)	\$ 138,756.29	\$ 582,362.57	\$ 48,805.99	\$ -	\$ 1,437,902.17

The notes are an integral part of the statements.

Village of Almont
Governmental Funds
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For The Year Ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds & Equipment Fund \$ 77,358.04

Amounts reported for Governmental Activities in the Statement of
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;
in the Statement of Activities, these costs are capitalized and
allocated over their estimated useful lives as Depreciation

180,418.00

Repayment of Bond Principal is an Expenditure in the Governmental
Funds, but not in the Statement of Activities (where it
reduces Long-Term Debt)

267,227.00

Loan Proceeds are recognized as revenue in the Governmental Funds,
but not in the Statement of Activities

(135,158.00)

Interest Expense is reported in the Statement of Activities
when a Liability is incurred; they are reported in the
Governmental Funds only when payment is due

(120.00)

Depreciation is an Expenditure for the Statement of
Activities, but is not reported in the Governmental Funds

(42,914.00)

Net Assets of Governmental Activities \$ 346,811.04

The notes are an integral part of the statements.

Village of Almont
Statement of Net Assets (Deficit)
Proprietary Funds
June 30, 2005

	<u>Enterprise Funds</u>		<u>Total</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>	<u>Service</u>
<u>Assets</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>
<u>Current Assets</u>				<u>Equipment</u>
Cash & Cash Equivalents	\$ 4,066.12	\$ 158,684.31	\$ 162,750.43	\$ 331,892.38
Accounts Receivable	68,351.00	58,603.00	126,954.00	13,380.89
Due From Other Funds	-	-	-	50,000.00
<u>Total Current Assets</u>	72,417.12	217,287.31	289,704.43	395,273.27
<u>Noncurrent Assets</u>				
Capital Assets not being Depreciated	100.00	-	100.00	-
Capital Assets being Depreciated	7,969,843.94	2,412,204.95	10,382,048.89	587,297.58
Less: Accumulated Depreciation	(1,827,949.00)	(715,664.31)	(2,543,613.31)	(385,077.77)
<u>Total Noncurrent Assets</u>	6,141,994.94	1,696,540.64	7,838,535.58	202,219.81
<u>Total Assets</u>	6,214,412.06	1,913,827.95	8,128,240.01	597,493.08
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts Payable	10,125.77	11,697.27	21,823.04	49,586.94
Due To Other Funds	-	-	-	-
Due To Others	-	4,754.00	4,754.00	-
Accrued Interest Payable	56,011.00	-	56,011.00	-
Current Portion of Long-Term Debt	80,000.00	-	80,000.00	-
<u>Total Current Liabilities</u>	146,136.77	16,451.27	162,588.04	49,586.94
<u>Long-Term Liabilities</u>				
Bonds Payable	2,025,000.00	-	2,025,000.00	-
<u>Total Liabilities</u>	2,171,136.77	16,451.27	2,187,588.04	49,586.94
<u>Net Assets</u>				
Invested in Capital Assets Net of Related Debt	3,980,983.94	1,696,540.64	5,677,524.58	202,219.81
Unrestricted	62,291.35	200,836.04	263,127.39	345,686.33
<u>Total Net Assets</u>	<u>\$ 4,043,275.29</u>	<u>\$ 1,897,376.68</u>	<u>\$ 5,940,651.97</u>	<u>\$ 547,906.14</u>

Village of Almont
Statement of Revenues, Expenses, And Changes in Net Assets
Proprietary Funds
June 30, 2005

	<u>Enterprise Funds</u>		<u>Total</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>	<u>Service</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>
				<u>Equipment</u>
<u>Operating Revenues</u>				
User Charges & Penalties	\$ 294,017.68	\$ 240,784.14	\$ 534,801.82	\$ -
Service Connection Charges	14,509.76	17,986.40	32,496.16	-
Equipment Rental	-	-	-	129,792.75
<u>Total Operating Revenues</u>	<u>308,527.44</u>	<u>258,770.54</u>	<u>567,297.98</u>	<u>129,792.75</u>
<u>Operating Expenses</u>				
Cost of Water	-	75,580.06	75,580.06	-
Operation & Maintenance	320,023.64	151,134.63	471,158.27	77,798.60
General & Administration	21,972.51	10,180.72	32,153.23	500.00
Depreciation	159,022.00	46,602.00	205,624.00	43,753.00
<u>Total Operating Expenses</u>	<u>501,018.15</u>	<u>283,497.41</u>	<u>784,515.56</u>	<u>122,051.60</u>
<u>Operating Income (Loss)</u>	<u>(192,490.71)</u>	<u>(24,726.87)</u>	<u>(217,217.58)</u>	<u>7,741.15</u>
<u>Nonoperating Revenues (Expenses)</u>				
Interest Earned	1,267.83	3,375.36	4,643.19	4,743.18
Interest Expense	(96,778.01)	-	(96,778.01)	-
Sale of Capital Assets	-	-	-	-
Capital Contribution	-	-	-	-
Transfers From (To) Other Funds	166,840.01	-	166,840.01	-
Change in Net Assets	(121,160.88)	(21,351.51)	(142,512.39)	12,484.33
<u>Net Assets - Beginning of Year</u>	<u>4,164,436.17</u>	<u>1,918,728.19</u>	<u>6,083,164.36</u>	<u>535,421.81</u>
<u>Net Assets - End of Year</u>	<u>\$ 4,043,275.29</u>	<u>\$ 1,897,376.68</u>	<u>\$ 5,940,651.97</u>	<u>\$ 547,906.14</u>

Village of Almont
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2005

	<u>Enterprise Funds</u>		<u>Total</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>	<u>Service</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>
				<u>Equipment</u>
<u>Cash Flow From Operating Activities</u>				
Receipts from Customers	\$ 319,207.44	\$ 258,891.54	\$ 578,098.98	\$ 131,235.91
Payments for Operation, Maintenance, & Water	(321,932.15)	(238,756.80)	(560,688.95)	(29,995.91)
Payments for General & Administration	(21,972.51)	(10,180.72)	(32,153.23)	(500.00)
<u>Net Cash Provided by Operating Activity</u>	(24,697.22)	9,954.02	(14,743.20)	100,740.00
<u>Cash Flows from Noncapital Financing Activities</u>				
Operating Transfers In (Out)	166,840.01	-	166,840.01	-
Received "Due From Other Funds"	-	-	-	-
<u>Net Cash Provided by Noncapital Financing Activities</u>	166,840.01	-	166,840.01	-
<u>Cash Flows from Capital & Related Financing Activities</u>				
Interest Expense	(97,840.01)	-	(97,840.01)	-
Receipt of Capital Contributions	-	-	-	-
Net Proceeds from Issuance of Long-Term Debt	(75,000.00)	-	(75,000.00)	-
Purchase of Capital Assets	-	(6,770.00)	(6,770.00)	(47,078.46)
Sale of Fixed Assets	-	-	-	-
<u>Net Cash Provided by Capital & Related Financing Activities</u>	(172,840.01)	(6,770.00)	(179,610.01)	(47,078.46)
<u>Cash Flows From Investing Activities</u>				
Increase in Customer Deposits	-	154.00	154.00	-
Interest received on Investments	1,267.83	3,375.36	4,643.19	4,743.18
<u>Net Increase (Decrease) in Cash & Cash Equivalents</u>	(29,429.39)	6,713.38	(22,716.01)	58,404.72
<u>Cash & Cash Equivalents - Beginning of Year</u>	33,495.51	151,970.93	185,466.44	273,487.66
<u>Cash & Cash Equivalents - End of Year</u>	<u>\$ 4,066.12</u>	<u>\$ 158,684.31</u>	<u>\$ 162,750.43</u>	<u>\$ 331,892.38</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</u>				
Operating Income (Loss)	(192,490.71)	(24,726.87)	(217,217.58)	7,741.15
Adjustments to Reconcile Operating Income (Loss) from Operating Activities:				
Depreciation	159,022.00	46,602.00	205,624.00	43,753.00
Changes in Assets & Liabilities:				
Accounts Receivable	10,680.00	121.00	10,801.00	1,443.16
Accounts Payable	(1,908.51)	(12,042.11)	(13,950.62)	47,802.69
<u>Net Cash Provided by Operating Activities</u>	<u>\$ (24,697.22)</u>	<u>\$ 9,954.02</u>	<u>\$ (14,743.20)</u>	<u>\$ 100,740.00</u>

Village of Almont
Statement of Net Assets (Deficit)
Fiduciary Funds
June 30, 2005

	Trust & Agency Fund	Totals June 30, 2005
<u>Assets</u>		
Cash & Cash Equivalents	\$ 30,279.59	\$ 30,279.59
<u>Total Assets</u>	<u>\$ 30,279.59</u>	<u>\$ 30,279.59</u>
<u>Liabilities</u>		
Due To Other Funds	\$ 7,659.82	\$ 7,659.82
Amounts held in Escrow	<u>22,619.77</u>	<u>22,619.77</u>
<u>Total Liabilities</u>	<u>30,279.59</u>	<u>30,279.59</u>
<u>Fund Balance</u>		
Fund Balance	<u>-</u>	<u>-</u>
<u>Total Liab. & Fund Balance</u>	<u>\$ 30,279.59</u>	<u>\$ 30,279.59</u>

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2005

The accounting methods and procedures adopted by the Village of Almont, Lapeer County, Michigan, conform to Generally Accepted Accounting Principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Village's Comprehensive Annual Financial Report.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Village of Almont was incorporated under the laws of the State of Michigan in 1855 and has operated since 1968 under a Home-rule Village-Council Manager form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Village (the primary government) and its component units. The component units discussed below are included in the Village reporting entity because of the significance of their operational or financial relationships with the Village.

Component Units - In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units.

Blended Component Units - The Downtown Development Authority (DDA) of the Village of Almont, an entity legally separate from the Village, is governed by an eleven-member board appointed by the Village Council. For financial reporting purposes, the DDA is reported as if it were part of the Village's operations because its purpose is to finance and provide assistance to businesses and citizens within the DDA District of the Village.

Government-wide and Fund Statements Fund

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Village (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

General Fund - The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Major Streets Fund - The Major Streets Fund accounts for maintenance and improvement activities for streets designated as "major" within the Village. Funding is provided primarily through State-shared gas and weight taxes.

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2005

1. Summary of Significant Accounting Policies - Continued

Downtown Development Authority Fund (a Special Revenue Fund type) – The Downtown Development Authority's purpose is to finance and provide assistance to businesses and citizens within the DDA District of the Village.

Waste Water Debt Service Fund - The fund accounts for all debt payments made regarding the bond for the Lapeer County Wastewater Treatment System originally issued February 1, 1993.

Water System Improvement Debt Service Fund - The fund accounts for all debt payments made regarding the improvement bond for the Village of Almont Water Supply System originally issued May 1, 1996.

W.W.T.P. Improvement Project Debt Service Fund - The fund accounts for all debt payments made regarding the improvement project for the Lapeer County Sewage Disposal Bonds originally issued February 5, 2002.

W.W.T.P. Improvement Project Fund - The fund accounts for construction of the W.W.T.P. Improvement Project. Funding is provided primarily from grant proceeds.

The Village reports the following major Enterprise Funds & Internal Service Fund:

Water Fund - The Water Fund accounts for the activities of the water distribution system. Funding is provided primarily through user charges.

Sewer Fund - The Sewer Fund accounts for the activities of the sewage disposal system. Fund is provided primarily through user charges.

Equipment Fund (Internal Service Fund) – This fund was established to account for the financing of goods or services provided by one department to other departments of the Village on a cost-reimbursement basis.

Additionally, the Village reports the following fund types:

Agency Funds - The Agency Funds account for assets held by the Village in a trustee capacity or as an agent for individuals, organizations, or other governments.

Measurement Focus and Basis of Accounting

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Village. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2005

1. Summary of Significant Accounting Policies - Continued

Cash - The Village does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Village's investments.

Investments - Debt securities are valued at cost since it is generally the policy of the Village to hold such investments until they mature.

Due to and Due from Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Property Tax Revenues - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Vacation, Sick Leave, & Other Compensated Absences - Vacation days are earned by employees at a rate from 10 to 25 days per year with unused days at year-end being forfeited. Sick days are earned by employees at a rate of one day per month during the year. A maximum of 30 unused sick days may be accumulated by an employee. No provision has been made for accumulated sick pay liability since the amount is immaterial to the financial statements taken as a whole.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Inventories and supplies held by the Water Fund and the Sewer Fund, which are immaterial in amount, have not been recognized. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

Capital Assets - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Village as assets with an initial individual cost of more than \$1000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	40 years
Water & Sewer Distribution Systems	20 to 75 years
Buildings & Building Improvements	20 to 40 years
Machinery & Equipment	3 to 10 years

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2005

Long-Term Obligations - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Accounting Changes

GASB Statement No. 34 - Effective July 1, 2003, the Village implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Village's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Village's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Village's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Village as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2005

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Village is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds, Debt Service Funds, Capital Project Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Village actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Village Council as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the major Special Revenue Funds, Debt Service Funds, and Capital Project Funds are presented in the required supplemental information.

During the year ended June 30, 2005, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund			
General Administration	\$ 121,889	\$ 128,007	\$ 6,118
Police Department	573,991	587,967	13,976
Planning & Zoning	7,468	14,760	7,292
Street Lighting	19,000	23,907	4,907
Sanitation	73,184	75,926	2,742
Major Streets Fund			
Transfer Out	27,000	28,365	1,365

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2005

3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary - Trust & Agency Funds</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	\$ 1,750,212	\$ 162,750	\$ 30,280	\$ 1,943,242

The Village's deposits are in accordance with statutory authority. As of June 30, 2005, the balance sheet carrying amount of cash deposits was \$1,943,242. The bank balance as of June 30, 2005, was \$1,943,242, of which \$300,000 was covered by FDIC insurance.

All cash deposits and investments of the Village are held by the Village in the Village's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

Investment Type	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Risk Categorized		NONE			
Operating Funds					
US Treasury Bonds					
Investment in Deferred					
Compensation Plans					
Total Risk-Categorized					
Investments					

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1	Insured or registered, or securities held by the Village or its agent in the Village's name.
Category 2	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name.
Category 3	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Village's name.

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2005

4. Capital Assets

Capital Assets activity of the Village's governmental activities (and business-type) was as follows:

	Balance July 1, 2004	Additions	Disposals & Adjustments	Balance June 30, 2005
Governmental Activities:				
Capital Assets not being Depreciated - Land	\$ 27,000	\$ -	\$ -	\$ 27,000
- DDA	330,000	-	-	330,000
Capital Assets Being Depreciated:				
Infrastructure	390,557	11,350	-	401,907
Infrastructure - DDA	528,987	180,418	-	709,405
Buildings & Building Improvements	354,534	-	-	354,534
Machinery & Equipment	74,958	-	-	74,958
Office Equipment	40,063	-	-	40,063
Equipment - Internal Service Fund	540,219	47,078	-	587,297
Total Capital Assets being Depreciated	1,929,318	238,846	-	2,168,164
Accumulated Depreciation:				
Infrastructure	115,816	15,849	-	131,665
Infrastructure - DDA	55,619	14,711	-	70,330
Buildings & Building Improvements	105,279	8,865	-	114,144
Machinery & Equipment	66,043	1,899	-	67,942
Office Equipment	32,538	1,590	-	34,128
Equipment - Internal Service Fund	341,325	43,753	-	385,078
Total Accumulated Depreciation	716,620	86,667	-	803,287
Net Capital Assets	<u>\$ 1,212,698</u>	<u>\$ 152,179</u>	<u>\$ -</u>	<u>\$ 1,364,877</u>
Business-type Activities:				
Capital Assets not being Depreciated - Land	\$ 100	\$ -	\$ -	\$ 100
Capital Assets Being Depreciated:				
Sewage Treatment Plant	7,969,844	-	-	7,969,844
Water Distribution System	2,405,435	6,770	-	2,412,205
Total Capital Assets being Depreciated	10,375,279	6,770	-	10,382,049
Accumulated Depreciation:				
Sewage Treatment Plant	1,668,927	159,022	-	1,827,949
Water Distribution System	669,062	46,602	-	715,664
Total Accumulated Depreciation	2,337,989	205,624	-	2,543,613
Net Capital Assets	<u>\$ 8,037,390</u>	<u>\$ (198,854)</u>	<u>\$ -</u>	<u>\$ 7,838,536</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 54,208
Public Safety	1,899
Public Works	30,560
Total Governmental Activities	<u>\$ 86,667</u>
Business-type Activities:	
Sewer Fund	\$ 159,022
Water Fund	45,925
Total Business-type Activities	<u>\$ 45,925</u>

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2005

5. Interfund Receivables, Payables, & Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>
General Fund	\$ 7,660	Trust & Agency	\$ 7,660
General Fund	808	Inspection Fund	808
General Fund	5,000	Water System Improv Debt Svc	5,000
General Fund	8,173	DDA	8,173
Equipment Fund	<u>50,000</u>	General Fund	<u>50,000</u>
Total	<u>\$ 71,641</u>		<u>\$ 71,641</u>

Interfund Transfers reported in the Fund Statements are as follows:

	<u>Transferred From</u>		<u>Transferred To</u>
Major Street Fund	\$ 28,365	Local Street Fund	\$ 28,365
General Fund	21,073	Municipal Bldg Debt Svc	21,073
General Fund	6,000	M-53 Sewer Leads Debt Svc	6,000
W.W.T.P. Improvement Debt Service	172,840	Sewer Fund	172,840
Sewer Fund	<u>6,000</u>	M-53 Sewer Leads Debt Svc	<u>6,000</u>
Total	<u>\$ 234,278</u>		<u>\$ 234,278</u>

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2005

7. Long-Term Debt

	<u>Rate Ranges</u>	<u>Ranges</u>	<u>Balance</u>	<u>(Reductions)</u>	<u>Balance</u>	<u>One Year</u>
Governmental Activities						
General Obligation Bonds & Contracts						
1993 Lapeer Co. W.W.T.S. Refunding Bonds						
Amount of Issue - \$1,885,000	2.90% -	\$100,000 -				
Maturing through 2007	8.00%	\$170,000	\$ 500,000	\$ (170,000)	\$ 330,000	\$ 165,000
1996 Water Supply System Improv Bond						
Amount of Issue - \$995,000	3.80% -	\$25,000 -				
Maturing through 2015	6.00%	\$85,000	\$ 730,000	\$ (40,000)	\$ 690,000	\$ 45,000
1999 Lapeer Co. M-53 Sewer Leads Sewage Disposal Bonds						
Amount of Issue - \$90,000	3.95% -	\$8,043 -				
Maturing through 2009	5.10%	\$11,555	\$ 60,000	\$ (9,000)	\$ 51,000	\$ 9,000
2002 Installment Purch Contract Payable for Municipal Building Addition						
Amount of Issue - \$170,500						
Maturing through 2011	4.05%	\$21,074	\$ 141,590	\$ (15,339)	\$ 126,251	\$ 15,960
Downtown Development Authority Obligations						
1999 Installment Contracts with Village of Almont DDA for Streetscape Improv.						
Amount of Issue - \$323,043						
Maturing through 2009	4.25%	\$40,325	\$ 18,242	\$ (18,242)	\$ -	\$ -
1996 Horwath Property Land Contract to finance acquisition of Land Purchase						
Amount of Issue - \$25,000						
Maturing through 2003	8.00%	\$4,830	\$ 590	\$ (590)	\$ -	\$ -
Pocket Park Construction Installment Contract						
Amount of Issue - \$204,385						
Maturing through November 22, 2014	3.75%	\$13,515	\$ -	\$ 135,158	\$ 135,158	\$ 13,515
2004 Land Contract Purchase of 125 N. Main Almont, MI						
Due Monthly in installments of \$988.51						
Amount of Issue - \$127,500						
Maturing through 2009	7.00%	\$989	\$ 127,500	\$ (3,296)	\$ 124,204	\$ 3,271
Total Governmental Activities			\$ 1,577,922	\$ (121,309)	\$ 1,456,613	\$ 251,746
Business-type Activities						
General Obligation Bonds & Contracts						
2003 Lapeer Co. Sewage Disposal Bonds W.W.T.P Improvement Project						
Amount of Issue - \$2,255,000	3.75% -	\$75,000 -				
Maturing through 2022	4.90%	175000	\$ 2,180,000	\$ (75,000)	\$ 2,105,000	\$ 80,000

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 255,877	\$ 85,881	\$ 341,758	\$ 75,000	\$ 97,840	\$ 172,840
2006	251,746	77,671	329,417	80,000	94,934	174,934
2007	258,630	64,278	322,908	80,000	91,933	171,933
2008	94,556	50,466	145,022	85,000	88,733	173,733
2009	211,157	44,978	256,135	85,000	85,280	170,280
2010-2014	462,001	115,506	577,507	500,000	364,984	864,984
2015-2019	178,523	10,555	189,078	635,000	235,159	870,159
2020-2022	-	-	-	465,000	60,847	525,847
Total	\$ 1,712,490	\$ 449,335	\$ 2,161,825	\$ 2,005,000	\$ 1,119,710	\$ 3,124,710

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2005

8. Retirement System - MERS Operated

The Village of Almont participated in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirements system (PERS) that is administered by the State of Michigan. The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the constitution of the State of Michigan. The Village has no fiduciary responsibility for the plan.

All full time employees of the Village (other than the Village Manager, Clerk, Police Chief and office employees who are covered by a simplified employee plan) are eligible to participate in the plan immediately upon employment. As of June 30, 2005, the Village had 15 covered employees. Covered payroll for the year then ended was \$608,462.

The plan provides for vesting of benefits after 10 years of service. Participants may elect normal retirement at age 60 with 10 or more years of service. The plan also provides for early retirement of police officers at age 55 with 25 years or more of service.

Election of early retirement is subject to reduction of benefits as outlined below. Participants are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by the sum of 1.5% of their 5-year final average compensation (F.A.C.). The retirement allowance is reduced 1/2% of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available. The Village contributes the necessary amounts to fund the actuarial determined benefits. The Village makes employer contributions in accordance with funding requirements determined by MERS' actuary. The MERS' actuary uses an attained age actuarial funding method. During the year ended June 30, 2005, \$33,489 of Village contributions were made. Employees also contribute to the plan. Benefit provisions and contributions obligations have been established by the Village Council.

As of December 31, 2003, the most recent actuarial report, the actuarial determined unfunded accrued liabilities was in the amount of \$178,680. The non-funded accrued liability is being financed over a period of 32 years.

The simplified employee plan (SEP-IRA) provides annual contributions to each employee SEP-IRA of 5-7% of annual compensation. The SEP-IRA retirement contributions are 100% vested. Total SEP-IRA contributions for the fiscal year ending June 30, 2005, was \$10,398.

9. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

Inspection Fund	(\$1,299)
Water System Improvement Debt Service Fund	(\$2,480)

10. Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Village has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

Required Supplemental Information

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
<u>Taxes</u>				
Current Property Tax	\$ 571,492.00	\$ 571,492.00	\$ 608,481.30	\$ 36,989.30
<u>State Shared Revenue</u>	305,000.00	291,000.00	287,628.00	(3,372.00)
<u>Licenses, Permits & Fees</u>				
Tax Fees, Penalties & Interest	10,000.00	10,000.00	15,427.86	5,427.86
Liquor Licenses	2,217.00	2,222.00	2,264.80	42.80
Zoning Permits & Site Plan Review	5,000.00	11,460.00	8,546.50	(2,913.50)
Police Fines & District Court Fees	5,525.00	5,525.00	6,730.15	1,205.15
Cable TV Franchise	8,702.00	8,702.00	28,372.20	19,670.20
<u>Total Licenses, Permits, & Fees</u>	31,444.00	37,909.00	61,341.51	23,432.51
<u>Charges for Services</u>				
Trash Collection	77,026.00	77,026.00	83,874.88	6,848.88
Police Contract	219,468.00	219,468.00	182,129.81	(37,338.19)
<u>Total Charges for Services</u>	296,494.00	296,494.00	266,004.69	(30,489.31)
<u>Miscellaneous Revenue</u>				
Refunds & Reimbursements	13,000.00	24,375.00	43,248.54	18,873.54
Miscellaneous	3,775.00	3,775.00	4,770.65	995.65
Donations/Homecoming	1,000.00	1,000.00	20,936.45	19,936.45
Park-Township/Grant	19,948.00	3,116.00	5,953.35	2,837.35
Cellular Land Lease	12,000.00	12,000.00	13,000.00	1,000.00
Police Grant	44,678.00	44,678.00	25,710.30	(18,967.70)
<u>Total Miscellaneous Revenues</u>	94,401.00	88,944.00	113,619.29	24,675.29
<u>Interest Earnings</u>	3,700.00	3,700.00	4,586.95	886.95
<u>Total Revenues</u>	\$ 1,302,531.00	\$ 1,289,539.00	\$ 1,341,661.74	\$ 52,122.74

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For The Year Ended June 30, 2005

<u>Expenditures</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>General Government</u>				
Legislative	\$ 6,246.00	\$ 6,246.00	\$ 4,596.86	\$ 1,649.14
Executive	72,572.00	72,708.00	70,087.50	2,620.50
General Administration	121,889.00	121,889.00	128,007.25	(6,118.25)
Central Municipal Activities	204,125.00	184,581.00	156,545.45	28,035.55
<u>Total General Government</u>	<u>404,832.00</u>	<u>385,424.00</u>	<u>359,237.06</u>	<u>26,186.94</u>
<u>Public Safety</u>				
Police Department	570,991.00	573,991.00	587,966.64	(13,975.64)
Planning & Zoning	7,468.00	7,468.00	14,760.49	(7,292.49)
<u>Total Public Safety</u>	<u>578,459.00</u>	<u>581,459.00</u>	<u>602,727.13</u>	<u>(21,268.13)</u>
<u>Public Works</u>				
Department of Public Works	117,412.00	119,940.00	107,919.67	12,020.33
Street Lighting	19,000.00	19,000.00	23,907.21	(4,907.21)
Sanitation	73,184.00	73,184.00	75,925.98	(2,741.98)
Sanitary Sewer Collection Exp.	123,272.00	123,272.00	77,456.88	45,815.12
<u>Total Public Works</u>	<u>332,868.00</u>	<u>335,396.00</u>	<u>285,209.74</u>	<u>50,186.26</u>
<u>Recreation & Culture</u>	<u>19,298.00</u>	<u>19,298.00</u>	<u>14,520.39</u>	<u>4,777.61</u>
<u>Total Expenditures</u>	<u>1,335,457.00</u>	<u>1,321,577.00</u>	<u>1,261,694.32</u>	<u>59,882.68</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(32,926.00)</u>	<u>(32,038.00)</u>	<u>79,967.42</u>	<u>112,005.42</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	(27,074.00)	(26,186.00)	(27,073.46)	887.46
<u>Excess of Revenues & Other Sources Over (Under)</u>				
<u>Expenditures & Other Uses</u>	<u>(60,000.00)</u>	<u>(58,224.00)</u>	<u>52,893.96</u>	<u>111,117.96</u>
<u>Fund Balance - Beginning of Year</u>	<u>60,000.00</u>	<u>60,000.00</u>	<u>222,547.14</u>	<u>162,547.14</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ 1,776.00</u>	<u>\$ 275,441.10</u>	<u>\$ 273,665.10</u>

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
Major Streets Fund
For The Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
State Shared Rev. - Gas & Wt. Tax	\$ 110,548.00	\$ 110,548.00	\$ 113,460.06	\$ 2,912.06
State Trunk Line Maintenance	8,470.00	8,470.00	6,533.46	(1,936.54)
Reimbursements & Refunds	-	-	2,500.00	2,500.00
Interest Income	1,300.00	1,300.00	2,862.75	1,562.75
<u>Total Revenues</u>	<u>120,318.00</u>	<u>120,318.00</u>	<u>125,356.27</u>	<u>5,038.27</u>
<u>Expenditures</u>				
Salaries, Wages & Fringes	24,372.00	24,372.00	25,088.14	(716.14)
Professional Fees	500.00	500.00	400.00	100.00
Equipment Rental	22,000.00	22,000.00	39,052.54	(17,052.54)
Insurance	550.00	550.00	403.48	146.52
Street Paving	50,000.00	50,000.00	11,350.00	38,650.00
Contingency	42,896.00	42,896.00	289.73	42,606.27
Winter Maint. - Salt	2,500.00	2,500.00	2,938.86	(438.86)
Other Expenditures	30,500.00	30,500.00	1,881.99	28,618.01
<u>Total Expenditures</u>	<u>173,318.00</u>	<u>173,318.00</u>	<u>81,404.74</u>	<u>91,913.26</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(53,000.00)</u>	<u>(53,000.00)</u>	<u>43,951.53</u>	<u>96,951.53</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	<u>(27,000.00)</u>	<u>(27,000.00)</u>	<u>(28,365.00)</u>	<u>(1,365.00)</u>
<u>Net Change in Fund Balance</u>	<u>(80,000.00)</u>	<u>(80,000.00)</u>	<u>15,586.53</u>	<u>95,586.53</u>
<u>Fund Balance - Beginning of Year</u>	<u>80,000.00</u>	<u>80,000.00</u>	<u>112,450.89</u>	<u>32,450.89</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,037.42</u>	<u>\$ 128,037.42</u>

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
Downtown Development Authority Fund
For The Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Property Taxes	\$ 148,874.00	\$ 148,874.00	\$ 145,518.91	\$ (3,355.09)
Grant Proceeds	-	-	7,500.00	7,500.00
Loan Proceeds	-	-	135,158.00	135,158.00
Interest Earnings	2,000.00	2,000.00	2,713.90	713.90
Other Revenues	-	-	-	-
<u>Total Revenues</u>	<u>150,874.00</u>	<u>150,874.00</u>	<u>290,890.81</u>	<u>140,016.81</u>
<u>Expenditures</u>				
Administration	17,600.00	17,600.00	8,173.41	9,426.59
Promotion - Business	10,000.00	10,000.00	1,384.91	8,615.09
Downtown Maintenance	45,000.00	45,000.00	44,689.22	310.78
Future Projects	41,861.00	41,861.00	1,360.73	40,500.27
Professional Fees	6,100.00	6,100.00	5,525.00	575.00
Capital Outlay	200,000.00	200,000.00	180,418.00	19,582.00
Debt Service - Principal	30,000.00	30,000.00	21,538.00	8,462.00
Debt Service - Interest	40,326.00	40,326.00	9,336.25	30,989.75
<u>Total Expenditures</u>	<u>390,887.00</u>	<u>390,887.00</u>	<u>272,425.52</u>	<u>118,461.48</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(240,013.00)</u>	<u>(240,013.00)</u>	<u>18,465.29</u>	<u>258,478.29</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	-	-	-
<u>Net Change in Fund Balances</u>	<u>(240,013.00)</u>	<u>(240,013.00)</u>	<u>18,465.29</u>	<u>258,478.29</u>
<u>Fund Balances - Beginning of Year</u>	<u>240,013.00</u>	<u>240,013.00</u>	<u>239,042.82</u>	<u>(970.18)</u>
<u>Fund Balances - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,508.11</u>	<u>\$ 257,508.11</u>

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
Waste Water Plant Debt Service Fund
For The Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Property Taxes	\$ 165,340.00	\$ 165,340.00	\$ 173,176.27	\$ 7,836.27
Charges for Services	20,547.00	20,547.00	20,286.50	(260.50)
Interest Earnings	700.00	700.00	395.37	(304.63)
Total Revenues	186,587.00	186,587.00	193,858.14	7,271.14
<u>Expenditures</u>				
Paying Agent Fees	500.00	500.00	500.00	-
Principal	181,192.00	181,192.00	170,000.00	11,192.00
Interest	35,445.00	35,445.00	27,495.00	7,950.00
Total Expenditures	217,137.00	217,137.00	197,995.00	19,142.00
<u>Excess of Revenues Over (Under) Expenditures</u>	(30,550.00)	(30,550.00)	(4,136.86)	26,413.14
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	-	-	-
<u>Net Change in Fund Balance</u>	(30,550.00)	(30,550.00)	(4,136.86)	26,413.14
<u>Fund Balance - Beginning of Year</u>	30,550.00	30,550.00	13,607.52	(16,942.48)
<u>Fund Balance - End of Year</u>	\$ -	\$ -	\$ 9,470.66	\$ 9,470.66

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
Water System Improvement Debt Service Fund
For The Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Property Taxes	\$ 73,439.00	\$ 73,439.00	\$ 70,944.47	\$ (2,494.53)
Interest Earnings	275.00	275.00	48.19	(226.81)
<u>Total Revenues</u>	<u>73,714.00</u>	<u>73,714.00</u>	<u>70,992.66</u>	<u>(2,721.34)</u>
<u>Expenditures</u>				
Paying Agent Fees	800.00	800.00	400.00	400.00
Debt Service - Principal	46,840.00	46,840.00	40,000.00	6,840.00
Debt Service - Interest	42,555.00	42,555.00	40,676.00	1,879.00
<u>Total Expenditures</u>	<u>90,195.00</u>	<u>90,195.00</u>	<u>81,076.00</u>	<u>9,119.00</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(16,481.00)</u>	<u>(16,481.00)</u>	<u>(10,083.34)</u>	<u>6,397.66</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	-	-	-
<u>Net Change in Fund Balance</u>	<u>(16,481.00)</u>	<u>(16,481.00)</u>	<u>(10,083.34)</u>	<u>6,397.66</u>
<u>Fund Balance - Beginning of Year</u>	<u>16,481.00</u>	<u>16,481.00</u>	<u>7,603.37</u>	<u>(8,877.63)</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,479.97)</u>	<u>\$ (2,479.97)</u>

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
W.W.T.P. Improvement Project Debt Service Fund
For The Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
User Fees	\$ 213,734.00	\$ 213,734.00	\$ 131,960.33	\$ (81,773.67)
Penalties	4,400.00	4,400.00	1,938.43	(2,461.57)
Interest Earnings	675.00	675.00	3,453.51	2,778.51
<u>Total Revenues</u>	<u>218,809.00</u>	<u>218,809.00</u>	<u>137,352.27</u>	<u>(81,456.73)</u>
<u>Expenditures</u>				
Paying Agent Fees & Other	84,126.00	84,126.00	329.00	83,797.00
<u>Total Expenditures</u>	<u>84,126.00</u>	<u>84,126.00</u>	<u>329.00</u>	<u>83,797.00</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	134,683.00	134,683.00	137,023.27	2,340.27
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	(226,683.00)	(226,683.00)	(172,840.01)	53,842.99
<u>Net Change in Fund Balance</u>	(92,000.00)	(92,000.00)	(35,816.74)	56,183.26
<u>Fund Balance - Beginning of Year</u>	92,000.00	92,000.00	174,573.03	82,573.03
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,756.29</u>	<u>\$ 138,756.29</u>

Village of Almont
Required Supplemental Information
Budgetary Comparison Schedule
W.W.T.P. Improvement Capital Project Fund
For The Year Ended June 30, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Grant Proceeds	\$ 320,482.00	\$ 320,462.00	\$ -	\$ (320,462.00)
Interest Earnings	25.00	45.00	4,800.99	4,755.99
<u>Total Revenues</u>	<u>320,507.00</u>	<u>320,507.00</u>	<u>4,800.99</u>	<u>(315,706.01)</u>
<u>Expenditures</u>				
Construction	-	-	-	-
Engineering	320,507.00	320,507.00	6,811.85	313,695.15
<u>Total Expenditures</u>	<u>320,507.00</u>	<u>320,507.00</u>	<u>6,811.85</u>	<u>313,695.15</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>-</u>	<u>-</u>	<u>(2,010.86)</u>	<u>(2,010.86)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	-	-	-
<u>Net Change in Fund Balance</u>	<u>-</u>	<u>-</u>	<u>(2,010.86)</u>	<u>(2,010.86)</u>
<u>Fund Balance - Beginning of Year</u>	<u>-</u>	<u>-</u>	<u>584,373.43</u>	<u>584,373.43</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 582,362.57</u>	<u>\$ 582,362.57</u>

Other Supplemental Information

Village of Almont
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>				<u>Total</u>
	<u>Local</u>	<u>Inspection</u>	<u>M-53</u>	<u>Municipal</u>	<u>Building</u>	<u>Debt Service</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<u>Assets</u>							
Cash & Cash Equivalents	\$ 49,257.82	\$ 242.56	\$ 1,936.18	\$ 1,046.88			\$ 52,483.44
Due From Other Funds	-	-	-	-			-
<u>Total Assets</u>	<u>\$ 49,257.82</u>	<u>\$ 242.56</u>	<u>\$ 1,936.18</u>	<u>\$ 1,046.88</u>			<u>\$ 52,483.44</u>
<u>Liabilities</u>							
Accounts Payable	\$ 2,136.36	\$ 733.50	\$ -	\$ -			\$ 2,869.86
Due To Other Funds	-	807.59	-	-			807.59
<u>Total Liabilities</u>	<u>2,136.36</u>	<u>1,541.09</u>	<u>-</u>	<u>-</u>			<u>3,677.45</u>
<u>Fund Balances</u>							
Fund Balances - Unreserved	47,121.46	(1,298.53)	1,936.18	1,046.88			48,805.99
<u>Total Liab. & Fund Balances</u>	<u>\$ 49,257.82</u>	<u>\$ 242.56</u>	<u>\$ 1,936.18</u>	<u>\$ 1,046.88</u>			<u>\$ 52,483.44</u>

Village of Almont

Other Supplemental Information Combining Statement of Revenues, Expenditures And Changes in Fund Balances - Nonmajor Governmental Funds For The Year Ended June 30, 2005

	Special Revenue Funds			Debt Service Funds			Total Nonmajor Governmental Funds
	Local Streets Fund	Inspection Fund		M-53 Sewer Leads Debt Service Fund	Municipal Building Debt Service Fund		
Revenues							
Property Taxes	\$ -	\$ -		\$ -	\$ -		\$ -
State Shared Rev. - Gas & Wt. Tax	47,227.60	-		-	-		47,227.60
Licenses, Fees, & Permits	-	15,720.66		-	-		15,720.66
Interest Earnings	450.80	153.39		11.37	19.93		635.49
<u>Total Revenues</u>	<u>47,678.40</u>	<u>15,874.05</u>		<u>11.37</u>	<u>19.93</u>		<u>63,583.75</u>
Expenditures							
Public Safety	-	17,800.68		-	-		17,800.68
Public Works	44,233.34	-		300.00	-		44,533.34
Capital Outlay	-	-		-	-		-
Debt Service - Principal	-	-		9,000.00	15,339.00		24,339.00
Debt Service - Interest	-	-		2,639.00	5,734.46		8,373.46
<u>Total Expenditures</u>	<u>44,233.34</u>	<u>17,800.68</u>		<u>11,939.00</u>	<u>21,073.46</u>		<u>95,046.48</u>
Excess of Revenues Over (Under)	3,445.06	(1,926.63)		(11,927.63)	(21,053.53)		(31,462.73)
Other Financing Sources (Uses)							
Transfers In (Out)	28,365.00	-		12,000.00	21,073.46		61,438.46
Net Change in Fund Balances	31,810.06	(1,926.63)		72.37	19.93		29,975.73
Fund Balances - Beginning of Year	15,311.40	628.10		1,863.81	1,026.95		18,830.26
Fund Balances - End of Year	<u>\$ 47,121.46</u>	<u>\$ (1,298.53)</u>		<u>\$ 1,936.18</u>	<u>\$ 1,046.88</u>		<u>\$ 48,805.99</u>

Village of Almont
Other Supplemental Information
Schedule of Indebtedness
June 30, 2005

General Obligation Bonds & Contracts

**Lapeer County Wastewater Treatment System
(Village of Almont) Refunding Bonds**

Dated: February 1, 1993
Original Issue: \$1,885,000

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2005	2004	
8.4%	5/1/2005	\$ -	\$ 170,000	\$ -
7.0%	5/1/2006	165,000	165,000	18,315
7.0%	5/1/2007	165,000	165,000	9,240
<u>Total W.W.T.S. Bonds</u>		<u>\$ 330,000</u>	<u>\$ 500,000</u>	<u>\$ 27,555</u>

**Village of Almont Water Supply System
Improvement Bond, Series 1996**

Dated: May 1, 1996
Original Issue: \$995,000

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2005	2004	
5.1%	10/1/2004	\$ -	\$ 40,000	\$ -
5.2%	10/1/2005	45,000	45,000	38,345
5.3%	10/1/2006	50,000	50,000	35,850
5.4%	10/1/2007	50,000	50,000	33,175
5.5%	10/1/2008	55,000	55,000	30,313
5.6%	10/1/2009	55,000	55,000	27,260
5.7%	10/1/2010	60,000	60,000	24,010
5.8%	10/1/2011	65,000	65,000	20,415
5.9%	10/1/2012	70,000	70,000	16,465
6.0%	10/1/2013	75,000	75,000	12,150
6.0%	10/1/2014	80,000	80,000	7,500
6.0%	10/1/2015	85,000	85,000	2,550
<u>Total W.W.T.S. Bonds</u>		<u>\$ 690,000</u>	<u>\$ 730,000</u>	<u>\$ 248,033</u>

Village of Almont
Other Supplemental Information
Schedule of Indebtedness
June 30, 2005

Village of Almont M-53 Sewer Leads,
County of Lapeer, Sewage Disposal

Dated: 2000
Original Issue: \$90,000

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2005	2004	
4.30%	11/1/2005	\$ -	\$ 9,000	\$ -
4.40%	5/1/2005	-	-	-
4.40%	11/1/2005	9,000	9,000	1,221
4.50%	5/1/2006	-	-	1,018
4.50%	11/1/2006	10,000	10,000	1,018
4.60%	5/1/2007	-	-	788
4.60%	11/1/2007	10,000	10,000	788
4.65%	5/1/2008	-	-	555
4.65%	11/1/2008	11,000	11,000	555
5.00%	5/1/2009	-	-	281
5.10%	11/1/2009	11,000	11,000	281
<u>Total M-53 Sewer Leads Bonds</u>		<u>\$ 51,000</u>	<u>\$ 60,000</u>	<u>\$ 6,505</u>

Installment Purchase Contract Payable
-Municipal Building Addition

Dated: August 7, 2001
Original Issue: \$170,500

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2005	2004	
4.05%	8/1/2004	\$ -	\$ 15,339	\$ -
4.05%	8/1/2005	15,960	15,960	5,113
4.05%	8/1/2006	16,607	16,607	4,467
4.05%	8/1/2007	17,279	17,279	3,794
4.05%	8/1/2008	17,979	17,979	3,094
4.05%	8/1/2009	18,707	18,707	2,366
4.05%	8/1/2010	19,465	19,465	1,609
4.05%	8/1/2011	20,254	20,254	820
<u>Total Installment Purchase Contract Payable</u>		<u>\$ 126,251</u>	<u>\$ 141,590</u>	<u>\$ 21,263</u>

Village of Almont
Other Supplemental Information
Schedule of Indebtedness
June 30, 2005

Lapeer County Sewage Disposal Bonds
W.W.T.P. Improvement Project

Dated February: 5, 2002
Original Issue: \$2,255,000

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2005	2004	
3.750%	12/1/2004	\$ -	\$ 75,000	\$ -
3.750%	12/1/2005	80,000	80,000	94,934
3.750%	12/1/2006	80,000	80,000	91,933
4.000%	12/1/2007	85,000	85,000	88,733
4.125%	12/1/2008	85,000	85,000	85,280
4.250%	12/1/2009	90,000	90,000	81,616
4.400%	12/1/2010	95,000	95,000	77,613
4.500%	12/1/2011	100,000	100,000	73,273
4.500%	12/1/2012	105,000	105,000	68,660
4.500%	12/1/2013	110,000	110,000	63,822
4.600%	12/1/2014	115,000	115,000	58,702
4.750%	12/1/2015	120,000	120,000	53,207
4.750%	12/1/2016	125,000	125,000	47,389
4.750%	12/1/2017	135,000	135,000	41,214
4.800%	12/1/2018	140,000	140,000	34,647
4.850%	12/1/2019	145,000	145,000	27,771
4.900%	12/1/2020	155,000	155,000	20,458
4.900%	12/1/2021	165,000	165,000	12,618
4.900%	12/1/2022	175,000	175,000	4,288
<u>Total Sewage Disposal Bonds</u>		<u>\$ 2,105,000</u>	<u>\$ 2,180,000</u>	<u>\$ 1,026,158</u>
<u>Total General Obligation Bonds & Contracts</u>		<u>\$ 3,302,251</u>	<u>\$ 3,611,590</u>	<u>\$ 1,329,514</u>

Village of Almont
Other Supplemental Information
Schedule of Indebtedness
June 30, 2005

Downtown Development Authority Bonds & Contracts

Streetscape Installment Contract

Dated: May 26, 1999

Original Issue: \$323,043

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2005	2004	
4.25%	7/1/2005	\$ -	\$ 18,242	\$ -
<u>Total Installment Contract</u>		<u>\$ -</u>	<u>\$ 18,242</u>	<u>\$ -</u>

Land Contract

Purchase of 125 N. Main Street
Almont, Michigan

Dated: 2005

Original Issue: \$127,500

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2005	2004	
7.0%	6/30/2005	\$ -	\$ 3,296	\$ -
7.0%	6/30/2006	3,271	3,271	8,591
7.0%	6/30/2007	3,508	3,508	8,354
7.0%	6/30/2008	3,762	3,762	8,100
7.0%	6/30/2009	113,663	113,663	7,188
<u>Total Land Contract</u>		<u>\$ 124,204</u>	<u>\$ 127,500</u>	<u>\$ 32,233</u>

Installment Contract

Pocket Park Construction

Dated: November 3, 2004

Original Issue: \$204,385

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2005	2004	
3.75%	11/22/2005	\$ 13,515	\$ -	\$ 5,068
3.75%	11/22/2006	13,515	-	4,561
3.75%	11/22/2007	13,515	-	4,054
3.75%	11/22/2008	13,515	-	3,547
3.75%	11/22/2009	13,515	-	3,040
3.75%	11/22/2010	13,515	-	2,533
3.75%	11/22/2011	13,515	-	2,026
3.75%	11/22/2012	13,515	-	1,519
3.75%	11/22/2013	13,515	-	1,012
3.75%	11/22/2014	13,523	-	505
<u>Total Installment Contract</u>		<u>\$ 135,158</u>	<u>\$ -</u>	<u>\$ 27,865</u>
<u>Total DDA Bonds & Contracts</u>		<u>\$ 259,362</u>	<u>\$ 145,742</u>	<u>\$ 60,098</u>

LEHN L. KING
CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET
MARLETTE, MICHIGAN 48453

Phone 989-635-3113
Fax 989-635-5580

August 18, 2005

Honorable Village Council
Village of Almont
Almont, Michigan

In accordance with your request, I have made an examination of the financial statements of the Village of Almont for the fiscal year ended, June 30, 2005.

There are a number of Interfund Receivables and Payables (amounts owing from one Village fund to another Village fund). These amounts should be repaid as soon as practicable.

From an overall viewpoint, the Village of Almont is in good financial condition, and the financial records maintained by the Village Clerk are in good order.

I thank the Village officials and employees for the cooperation I received in the completion of this examination.

Sincerely,

Lehn King

Lehn L. King
Certified Public Accountant

Village of Almont

Overall Fund Rating

Fund	June 30,			
	2005	2004	2003	2002
General				
Undesignated	\$ 217,306	\$ 129,900	\$ 71,924	\$ 41,941
Parks	28,280	31,005	49,632	52,127
Homecoming	29,855	22,100	20,915	19,943
Total General	\$ 275,441	\$ 183,005	\$ 142,471	\$ 114,011

The General Fund's Fund Balance (i.e. Cash Reserves) has increased from its level for the last 3 years. The General Fund's Undesignated "Fund Balance" increased \$87,316 during the 2004/05 fiscal year. The June 30, 2005 \$217,306 Undesignated Fund Balance represents 16.2% of annual operating revenues. Maintaining a balanced budget for 2005/2006 is essential for the General Fund and all operating funds. The General Fund's ability to contribute to other operating functions (i.e. Major/Local Streets, Water Fund, etc.) is limited.

Major Streets	128,037	112,451	80,596	66,545
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The Major Street Fund is in very good financial shape and should be in a position to sustain its own day-to-day operations and limited street improvements, any significant road improvement projects would require funding from other sources.

Local Streets	47,121	15,311	10,331	50,012
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The Local Street Fund's Fund Balance increased this past year by \$31,810. The Local Street Fund shows a Fund Balance of \$47,121, as of June 30, 2005. This will allow the Local Street Fund to accumulate fund equity for street projects in future years.

Inspection Fund	(1,299)	628	(1,855)	(2,729)
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The Inspection Fund has a deficit Fund Balance of \$1,299. This leaves no margin for unexpected expenses. However, this fund only requires a minimal Fund Balance.

DDA	257,508	239,043	304,543	360,737
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The D.D.A. is in excellent financial condition. The Village should continue to work closely with the D.D.A. Board and direct budgetary activities toward mutual goals.

Water (Working Capital)	200,836	182,355	201,675	197,854
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The cost of water has decreased substantially this past year. It appears that there was something wrong with the water meter system. The Water Fund is in very good shape based on the current meter readings. However, the Village needs to be aware that if and when the problem is resolved, the cost of water may increase significantly.

	6/30/2005	6/30/2004	6/30/2003
Water Rate Revenue	\$ 240,784	\$ 244,300	\$ 261,000
Less: Detroit Water Purchases	(75,580)	(125,000)	(142,000)
Net Water Rate Revenue	165,204	119,300	119,000
Service Connection Charges	17,986	42,000	2,500
Net Revenues Available for Other Expenses	183,190	161,300	121,500

Village of Almont

Overall Fund Rating

Fund	June 30,		
	2005	2004	2003
			2002

Water Expenses	6/30/2005	6/30/2004	6/30/2003
Wages / Soc. Sec.	\$ 56,527	\$ 56,306	\$ 43,894
Pension	4,637	4,279	2,029
Medical Insurance	17,182	16,421	11,238
Insurance	8,612	9,025	8,864
Office Expense	3,532	2,012	2,547
Legal & Professional	1,631	2,025	1,567
Dues, Subscription & Educ.	77	884	112
Maint/Engineering/Repairs	46,901	39,018	11,575
Utilities	6,767	6,987	9,701
Equip. Rent	15,450	25,351	17,436
Total	\$ 161,316	\$ 162,308	\$ 108,963

Working Capital includes accumulated water connect charges of \$78,611 invested in savings and Certificated of Deposit. \$30,000 was transferred from the water tap accounts to the operating account during June 2001. It has not been replaced to date, nor were all of the current years taps of \$17,986 put into this account.

Sewer (Working Capital) 62,292 100,492 49,522 50,416

The Sewer Fund continues to be in a guarded financial shape. Service connection charges have been increased by .35 / 1000. This will result in an approximately \$25,000 increase in sewer revenue and should be adequate to cover "normal" operating costs.

Rate	6/30/2005	6/30/2004	6/30/2003
Sewer Revenues	\$ 294,018	\$ 318,600	\$ 296,100
Sewer Operating Expenses (Excluding Depreciation)	(341,996)	(309,000)	(303,300)
Expense Excess	(47,978)	9,600	(7,200)
Sewer Taps	14,510	40,800	1,300
Net Operating Activity	\$ (33,468)	\$ 50,400	\$ (5,900)

Sewer operating revenues and expenditures need to be closely monitored. Sludge removal every other year, which was performed in the year ending June 30, 2005, will not be required in the next fiscal year.

Village of Almont

Overall Fund Rating

Fund	June 30,			
	2005	2004	2003	2002

Equipment (Working Capital)

345,686	336,527	315,878	309,288
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The Equipment Fund is in very good financial condition. Any acquisition of new vehicles or equipment should be acquired through this fund. The Equipment should incur all operating and maintenance expenses (gas, oil, repairs, insurance, etc.) for all Village owned vehicles. For the current fiscal year the equipment fund collected \$129,793 rents and paid out \$78,299 in operating expenses. This gives the Equipment Fund approximately \$51,494 per year to maintain the vehicles and equipment for the Village.

The Equipment Fund has loaned \$50,000 to the General Fund.

W.W.T.P. Debt Retirement

9,471	13,607	32,784	46,903
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The bond issue was used to finance the construction of the Village's Wastewater Treatment System. The cash on hand and 2005/06 property tax collections should be adequate to meet the 2005/06 debt payments. The schedule of debt service requirements is on page 34.

Water System Improvement Debt Retirement

(2,480)	7,604	16,463	17,628
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The bond was used to finance improvements to the Village's water distribution system. The cash on hand and 2005/06 property tax collections should be adequate to meet the 2005/06 debt payments. The schedule of debt service requirements is on page 34.

M-53 Sewer Lead Debt Retire

1,936	1,864	1,173	4,783
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Annual contributions of \$10,000-12,000 from the General Fund and/or Sewer Fund should be adequate to repay outstanding principal and interest. The schedule of debt service requirements is on page 35.

W.W.T.P. Improvement Project Debt Retirement

138,756	174,573	177,317	112,966
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The Sewer System Overflow (SSO) charges should be adequate to meet the 2005/06 debt service requirement. The schedule of debt service is on page 36.

W.W.T.P. Improv. Project

582,363	584,373	781,318	270
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This fund is established to account for the improvements to the W.W.T.P.. As of June 30, 2004 the project was completed. The project is being financed by \$2,255,000 of Lapeer County Bonds and a \$654,800 grant.

There should be approximately \$590,000 of bond proceeds remaining at the conclusion of the project. This fund will be transferred to the WWTP Improvement Project Debt Retirement Fund and use to make bond payments as required over the life of the WWTP Improvement bond. The remaining balance is to be used for debt reduction, which will be spread over a period of ten years.